

**Senate File 2267 - Introduced**

SENATE FILE 2267  
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SSB 3167)

**A BILL FOR**

1 An Act concerning oversight of schools offering postsecondary  
2 educational programs by the college student aid commission  
3 and making penalties applicable.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

POSTSECONDARY REGISTRATION — REQUIREMENTS

Section 1. Section 261B.2, Code 2011, is amended to read as follows:

**261B.2 Definitions.**

As used in this chapter, unless the context otherwise requires:

1. *“Commission”* means the college student aid commission created pursuant to section 261.1.

2. *“Course of instruction”* means a postsecondary educational program that a school offers through in-person instruction, distance delivery, correspondence study methods, or any combination thereof.

~~2.~~ 3. *“Degree”* means a postsecondary credential conferring on the recipient the title of associate, bachelor, master, or doctor, or an equivalent title, signifying educational attainment based on ~~any one or a combination of study or the equivalent~~ which may be supplemented by experience or achievement testing. A postsecondary degree under this chapter shall not include an honorary degree or other unearned degree.

~~3.~~ 4. *“Presence”* means ~~maintaining an address within Iowa~~ a location in Iowa at which a student participates in any structured activity related to a school’s distance education course of instruction, with the exception of proctored examinations. *“Presence”* also means an address, location, telephone number, or internet protocol address in Iowa from which a school conducts any aspect of its operations. For the purpose of a residential course of instruction offered on a school’s campus that is not located in Iowa, “presence” does not include:

a. Occasional, short-term activities conducted at a location in Iowa for the purpose of recruiting students for the school’s residential course of instruction.

b. A residency, practicum, internship, clinical, or similar experience that the school permits the student to

1 participate in at a location in Iowa, provided that a person  
2 who provides instruction or supervision at the Iowa location is  
3 not compensated by the school.

4 ~~4.~~ 5. "School" means an agency of the state or political  
5 subdivision of the state, individual, partnership, company,  
6 firm, society, trust, association, corporation, or any  
7 combination which meets any of the following criteria:

8 a. Is, owns, or operates a ~~nonprofit~~ postsecondary  
9 educational institution.

10 b. Provides a postsecondary ~~instructional program or course~~  
11 of instruction leading to a degree.

12 c. Uses in its name the term "college", "academy",  
13 "institute", or "university" or a similar term to imply that the  
14 person is primarily engaged in the education of students at the  
15 postsecondary level, and which makes a charge for its services.

16 ~~5.~~ 6. "Student" means a person who enrolls in or seeks to  
17 enroll in a course of instruction offered or conducted by a  
18 school.

19 Sec. 2. Section 261B.3, Code 2011, is amended to read as  
20 follows:

21 **261B.3 Registration.**

22 1. Except as provided in section 261B.11, a school ~~that~~  
23 ~~maintains or shall register with the commission if a person~~  
24 ~~compensated by the school conducts one or more courses any~~  
25 ~~portion of a course of instruction, including courses of~~  
26 ~~instruction by correspondence or other distance delivery~~  
27 ~~method, offered in this state or which if the school otherwise~~  
28 has a presence in this state ~~and offers courses in other states~~  
29 ~~or foreign countries shall register with the commission.~~

30 a. Registrations shall be renewed every ~~four~~ two years  
31 ~~or and shall be amended~~ upon any substantive change in  
32 location, program offering, or accreditation. A school makes  
33 a substantive change in a program offering when the school  
34 proposes to offer or modify a program that requires the  
35 approval of the state board of education or any other state

1 agency authorized to approve the school or its program in this  
2 state.

3 b. Registration shall be made on application forms approved  
4 and ~~supplied~~ made available by the commission and at the time  
5 and in the manner prescribed by the commission. ~~Upon receipt~~  
6 ~~of a complete and accurate registration application, the~~  
7 ~~commission shall issue an acknowledgment of document filed and~~  
8 ~~send it to the school.~~

9 2. The commission may ~~request~~ require a school to provide  
10 additional information ~~as~~ the commission deems necessary  
11 to ~~enable the commission to determine the accuracy and~~  
12 ~~completeness of the information contained in the~~ evaluate a  
13 school's suitability for registration application.

14 3. The commission shall notify a school in writing of its  
15 decision to grant or deny registration and any stipulation  
16 associated with the school's registration.

17 4. If a school fails to meet any of the registration  
18 criteria, or if the commission believes that false, misleading,  
19 or incomplete information has been submitted in connection  
20 with an application for registration, the commission may  
21 deny registration. The commission shall conduct a hearing  
22 on the denial if a hearing is requested by a school. The  
23 ~~commission may withhold an acknowledgment of document filed~~  
24 ~~pending the outcome of the hearing. Upon a finding after the~~  
25 hearing that the school fails to meet any of the registration  
26 criteria, or that information contained in the registration  
27 application is false, misleading, or incomplete, the commission  
28 shall deny an acknowledgment of document filed to the school  
29 registration. The commission shall make the final decision on  
30 each registration. However, the decision of the commission is  
31 subject to judicial review in accordance with section 17A.19.

32 ~~3.~~ 5. The commission shall adopt rules under chapter 17A  
33 for the implementation of this chapter.

34 Sec. 3. Section 261B.3A, Code 2011, is amended to read as  
35 follows:

1     **261B.3A Requirements.**

2     1. In order to register, a school shall be accredited  
3 by an agency or organization approved or recognized by the  
4 United States department of education or a successor agency,  
5 be approved by any other state agency authorized to approve  
6 the school in this state, and, subsequently, be approved for  
7 operation by the commission.

8     2. A practitioner preparation program, as defined in  
9 section 272.1, operated by a school that applies to register  
10 the program in accordance with this chapter shall, in order to  
11 register, be accredited by an agency or organization approved  
12 or recognized by the United States department of education or a  
13 successor agency, be approved by the state board of education  
14 pursuant to section 256.7, subsection 3, and, subsequently, be  
15 approved for operation by the commission.

16     3. The commission may grant a provisional registration to  
17 a school that is not accredited by an agency or organization  
18 that is recognized by the United States department of education  
19 or its successor agency. The commission shall determine  
20 the duration of the provisional registration. During the  
21 provisional registration period, the school shall, at six-month  
22 intervals, submit to the commission documentation of its  
23 progress toward achieving accreditation. The commission may  
24 renew the school's provisional registration at its discretion  
25 if the documentation submitted indicates that the school is  
26 making progress toward accreditation.

27     ~~3.~~ 4. Nothing in this chapter shall be construed to exempt  
28 a school from the requirements of chapter 490, ~~or~~ 491, or 714.

29     Sec. 4. Section 261B.4, Code 2011, is amended to read as  
30 follows:

31     **261B.4 Registration information.**

32     As a basis for registration, schools shall provide the  
33 commission with the following information:

34     1. The name or title of the school.

35     2. ~~The~~ As applicable, the principal location of the school

1 in this state, in other states, and in foreign countries, and  
2 the location of the place or places in this state, in other  
3 states, and in foreign countries where instruction is likely  
4 to be given.

5 3. A schedule of the total tuition charges, fees, and other  
6 costs payable to the school by a student during the course of  
7 instruction.

8 4. The refund policy of the school for the return of  
9 refundable portions of tuition, fees, or other charges.  
10 The tuition refund policy for Iowa resident students of a  
11 for-profit school with at least one program of more than  
12 four months in length that leads to a recognized educational  
13 credential, such as an academic or professional degree,  
14 diploma, or license, must comply with section 714.23.

15 ~~5. The degrees granted by the school.~~

16 ~~6.~~ 5. The names and addresses of the principal owners of  
17 the school or the officers and members of the legal governing  
18 body of the school.

19 ~~7.~~ 6. The name and address of the chief executive officer  
20 of the school.

21 ~~8.~~ 7. A copy of or a description of the means by which the  
22 school intends to comply with section 261B.9.

23 ~~9.~~ 8. The name of the accrediting agency recognized by the  
24 United States department of education or a successor agency  
25 which has accredited the school, and the status under which  
26 accreditation is held, the name of any other accrediting or  
27 licensing entity that has accredited or licensed the school or  
28 its programs, a copy of the accrediting or licensure notice  
29 issued by the entity, and a record of any sanctions the entity  
30 has levied against the school.

31 ~~10.~~ 9. The name, address, and telephone number of a contact  
32 person in this state. A school that applies for registration  
33 to offer a course of instruction by distance delivery may  
34 provide the name and address of its registered agent in Iowa.

35 ~~11.~~ 10. The names or titles and a description of the

1 courses and degrees to be offered in Iowa.

2 ~~12.~~ 11. A description of procedures for the preservation  
3 of student records and the contact information to be used  
4 by students and graduates who seek to obtain transcript  
5 information.

6 ~~13.~~ 12. The academic and instructional methodologies and  
7 delivery systems to be used by the school and the extent to  
8 which the school anticipates each methodology and delivery  
9 system will be used, including, but not limited to, classroom  
10 instruction, correspondence, electronic telecommunications  
11 distance delivery, independent study, and portfolio experience  
12 evaluation.

13 13. The name, title, business address, telephone number,  
14 and resume of an Iowa resident compensated by the school to  
15 perform duties at a location in Iowa. A school that applies  
16 for registration to offer a course of instruction by distance  
17 delivery may provide an internet address as the business  
18 address for an Iowa resident it compensates to perform duties  
19 remotely from a location in Iowa.

20 14. The school's official Stafford loan cohort default rate  
21 as calculated by the United States department of education for  
22 the three most recent federal fiscal years, if applicable.

23 15. Average student loan debt upon graduation of students  
24 completing programs at the school.

25 16. The graduation rate of undergraduate students as  
26 reported to the United States department of education.

27 17. Evidence that the school meets the conditions of  
28 financial responsibility established in section 714.18, or that  
29 the school qualifies for an exemption under section 714.19 or  
30 714.22.

31 Sec. 5. Section 261B.7, Code 2011, is amended to read as  
32 follows:

33 **261B.7 Unauthorized representation.**

34 ~~Neither a~~ A school nor its or a school's officials or  
35 employees shall not advertise or represent that the school is

1 approved or accredited by the commission or the state of Iowa  
2 ~~nor shall it use the registration as a reference in promotional~~  
3 ~~materials.~~ However, a registered school shall disclose that  
4 the school is registered by the commission on behalf of the  
5 state of Iowa and provide the commission's contact information  
6 for students who wish to inquire about the school or file a  
7 complaint.

8 Sec. 6. Section 261B.9, subsection 5, Code 2011, is amended  
9 to read as follows:

10 5. Whether the postsecondary credential ~~or certificate~~  
11 issued, awarded, or credited to a student upon completion  
12 of the course or the fact of completion of the course is  
13 applicable toward a degree granted by the school and, if so,  
14 under what circumstances the application will be made.

15 Sec. 7. Section 261B.9, Code 2011, is amended by adding the  
16 following new subsection:

17 NEW SUBSECTION. 7. The disclosures required by the  
18 department of education for an out-of-state school that the  
19 board of education approves to offer a practitioner preparation  
20 program by distance delivery method.

21 Sec. 8. Section 261B.11, Code 2011, is amended to read as  
22 follows:

23 **261B.11 Exceptions.**

24 1. This chapter does not apply to the following types of  
25 schools and courses of instruction:

26 ~~1-~~ a. Schools and educational programs conducted by firms,  
27 corporations, or persons solely for the training of their own  
28 employees.

29 ~~2-~~ b. Apprenticeship or other training programs provided by  
30 labor unions solely to members or applicants for membership.

31 ~~3-~~ c. Courses of instruction of an avocational or  
32 recreational nature that do not lead to an occupational  
33 objective.

34 ~~4-~~ d. Seminars, refresher courses, and programs of  
35 instruction sponsored by professional, business, or farming

1 organizations or associations for the members and employees of  
2 members of these organizations or associations.

3 ~~5.~~ e. Courses of instruction conducted by a public school  
4 district or a combination of public school districts.

5 ~~6.~~ f. Colleges and universities authorized by the laws of  
6 this state to grant degrees.

7 ~~7.~~ g. Schools or courses of instruction or courses of  
8 training that are offered by a vendor solely to the purchaser  
9 or prospective purchaser of the vendor's product when the  
10 objective of the school or course is to enable the purchaser  
11 or the purchaser's employees to gain skills and knowledge to  
12 enable the purchaser to use the product.

13 ~~8.~~ h. Schools and educational programs conducted by  
14 religious organizations solely for the religious instruction of  
15 leadership practitioners of that religious organization.

16 ~~9.~~ i. Postsecondary educational institutions licensed by  
17 the state of Iowa ~~prior to July 1, 2009,~~ under section 157.8  
18 or 158.7 to conduct business operate as schools of cosmetology  
19 arts and sciences or as barber schools in the state.

20 ~~10.~~ j. ~~Accredited higher~~ Higher education institutions  
21 that meet the criteria established under section ~~261.92,~~ 261.9,  
22 subsection 1.

23 ~~11.~~ k. Postsecondary educational institutions offering  
24 programs limited to nondegree specialty vocational training  
25 programs.

26 ~~12. Not-for-profit colleges and universities established~~  
27 ~~and authorized by city ordinance to grant degrees.~~

28 l. Higher education institutions located in Iowa that are  
29 affiliated with health care systems located in Iowa, and which  
30 offer health professions programs that are accredited by an  
31 accrediting agency recognized by the United States department  
32 of education.

33 m. Higher education institutions located in Iowa whose  
34 massage therapy curriculum is approved under administrative  
35 rules of the professional licensure division of the department

1 of public health and whose instructors are licensed massage  
2 therapists under chapter 152C.

3 2. A school that claims an exemption from registration  
4 under subsection 1, paragraph "h", "i", "k", "l", or "m", must  
5 demonstrate to the commission or its designee that it qualifies  
6 for the exemption. The school must apply for approval of its  
7 exemption claim on an application supplied by the commission.  
8 The commission or its designee may approve the school's  
9 exemption claim or deny it. A school whose exemption claim is  
10 approved must reapply to renew its exemption no less frequently  
11 than every two years.

12 a. A school that is granted an exemption under this section  
13 must file evidence of financial responsibility under section  
14 714.18 or demonstrate to the commission or its designee that  
15 the school qualifies for an exemption under section 714.19 or  
16 714.22.

17 b. A for-profit school with at least one program of  
18 more than four months in length that leads to a recognized  
19 educational credential, such as an academic or professional  
20 degree, diploma, or license, must submit to the commission or  
21 its designee a tuition refund policy that meets the conditions  
22 of section 714.23.

23 3. A school that is denied an exemption claim by the  
24 commission or its designee, or that no longer qualifies for  
25 a claimed exemption, shall apply for registration or cease  
26 operating in Iowa.

27 **Sec. 9. NEW SECTION. 261B.11A Ineligibility for state**  
28 **student aid programs.**

29 1. Students attending schools required to register under  
30 this chapter are ineligible for state student financial aid  
31 programs established under chapter 261.

32 2. A school required to register under this chapter is  
33 prohibited from offering state aid or advertising that state  
34 aid is or may be available to students attending the school.

35

DIVISION II

1 POSTSECONDARY REGISTRATION — UNLAWFUL ACTIVITY

2 Sec. 10. Section 714.17, Code 2011, is amended to read as  
3 follows:

4 714.17 Unlawful advertising and selling of educational  
5 courses of instruction.

6 It shall be unlawful for any person, firm, association,  
7 or corporation maintaining, advertising, or conducting in  
8 Iowa any educational course ~~of instruction~~ for profit, or  
9 for tuition charge, whether by classroom instructions, ~~or~~ by  
10 correspondence, or by other delivery method to:

11 1. Falsely advertise or represent to any person any matter  
12 material to ~~such an educational~~ course of instruction. All  
13 advertising of such courses ~~of instruction~~ shall adhere to and  
14 comply with the applicable rules and regulations of the federal  
15 trade commission ~~as of July 4, 1965~~.

16 2. Collect tuition or other charges in excess of one hundred  
17 fifty dollars in the case of educational courses offered by  
18 correspondence ~~courses of study~~, in advance of the receipt and  
19 approval by the pupil of the first assignment or lesson of such  
20 course. Any contract providing for advance payment of more  
21 than one hundred fifty dollars shall be voidable on the part of  
22 the pupil or any person liable for the tuition provided for in  
23 the contract.

24 3. Promise or guarantee employment utilizing information,  
25 training, or skill purported to be provided or otherwise  
26 enhanced by a an educational course, unless the promisor or  
27 guarantor offers the student or prospective student a bona  
28 fide contract of employment agreeing to employ said student  
29 or prospective student for a period of not less than one  
30 hundred twenty days in a business or other enterprise regularly  
31 conducted by the promisor or guarantor and in which such  
32 information, training, or skill is a normal condition of  
33 employment.

34 Sec. 11. Section 714.18, subsection 1, Code 2011, is amended  
35 to read as follows:

1 1. Except as otherwise provided in subsection 2, every  
2 person, firm, association, or corporation maintaining or  
3 conducting in Iowa any ~~such~~ educational ~~course of instruction~~  
4 by classroom instruction or by correspondence or by other  
5 ~~distance~~ delivery method, or soliciting in Iowa the sale of  
6 such course, shall file with the college student aid commission  
7 all of the following:

8 a. A continuous corporate surety bond to the state of  
9 Iowa in the sum of fifty thousand dollars conditioned ~~for~~  
10 on the faithful performance of all contracts and agreements  
11 with students made by such person, firm, association, or  
12 corporation, or their salespersons; but the aggregate liability  
13 of the surety for all breaches of the conditions of the bond  
14 shall not exceed the sum of the bond. The surety on the bond  
15 may cancel the bond upon giving thirty days' written notice  
16 to the college student aid commission and thereafter shall be  
17 relieved of liability for any breach of condition occurring  
18 after the effective date of the cancellation.

19 b. A statement designating a resident agent for the purpose  
20 of receiving service in civil actions. In the absence of such  
21 designation, service may be had upon the secretary of state if  
22 service cannot otherwise be made in this state.

23 c. A copy of any catalog, prospectus, brochure, or other  
24 advertising material intended for distribution in Iowa.  
25 Such material shall state the cost of the educational course  
26 offered, the schedule of tuition refunds for portions of the  
27 educational course not completed, and if no refunds are to  
28 be paid, the material shall so state. Any contract induced  
29 by advertising materials not previously filed as provided in  
30 this chapter shall be voidable on the part of the pupil or any  
31 person liable for the tuition provided for in the contract.

32 Sec. 12. Section 714.18, subsection 2, paragraph a,  
33 subparagraphs (1) and (4), Code 2011, are amended to read as  
34 follows:

35 (1) A continuous corporate surety bond to the state of

1 Iowa in the sum of fifty thousand dollars or ten percent  
2 of the total annual tuition collected, whichever is less,  
3 conditioned ~~for~~ on the faithful performance of all contracts  
4 and agreements with students made by such school. A school  
5 desiring to file a surety bond based on a percentage of annual  
6 tuition shall provide to the college student aid commission, in  
7 the form prescribed by the commission, a notarized statement  
8 attesting to the total amount of tuition collected in the  
9 preceding twelve-month period. The commission shall determine  
10 the sufficiency of the statement and the amount of the bond.  
11 Tuition information submitted pursuant to this subparagraph  
12 shall be kept confidential.

13 (4) The college student aid commission may accept a letter  
14 of credit ~~from~~ issued by a bank in lieu of and for the amount of  
15 the corporate surety bond required by this paragraph "a"  
16 subparagraphs (1) through (3), as applicable.

17 Sec. 13. Section 714.19, unnumbered paragraph 1, Code 2011,  
18 is amended to read as follows:

19 ~~None of the~~ The provisions of sections 714.17 to ~~714.22~~  
20 ~~714.21~~ shall not apply to the following:

21 Sec. 14. Section 714.19, subsections 6 through 8, Code 2011,  
22 are amended to read as follows:

23 6. Schools and educational programs conducted by firms,  
24 corporations, or persons ~~for the training of their own~~  
25 ~~employees,~~ for which no fee is charged.

26 7. Seminars, refresher courses, and schools of instruction  
27 ~~sponsored~~ conducted by professional, business, or farming  
28 organizations or associations for the members and employees of  
29 members of such organizations or associations. A person who  
30 provides instruction under this subsection who is not a member  
31 or an employee of a member of the organization or association  
32 shall not be eligible for this exemption.

33 8. Private business schools accredited by ~~the accrediting~~  
34 ~~commission for business schools or an acknowledged~~ accrediting  
35 agency recognized by the United States department of education

1 or the council for higher education accreditation.

2 Sec. 15. Section 714.19, Code 2011, is amended by adding the  
3 following new subsection:

4 NEW SUBSECTION. 10. Private, nonprofit schools that meet  
5 the criteria established under section 261.9, subsection 1.

6 Sec. 16. Section 714.23, Code 2011, is amended by adding the  
7 following new subsection:

8 NEW SUBSECTION. 01. *a.* For the purposes of this section  
9 and section 714.25, "*postsecondary educational program*" means  
10 a series of postsecondary educational courses that lead to  
11 a recognized educational credential such as an academic or  
12 professional degree, diploma, or license.

13 *b.* For the purposes of this section, "*school period*" means  
14 the course, term, payment period, postsecondary educational  
15 program, or other period for which the school assessed tuition  
16 charges to the student. A school that assesses tuition charges  
17 to the student at the beginning of each course, term, payment  
18 period, or other period that is shorter than the postsecondary  
19 educational program's length shall base its tuition refund on  
20 the amount of tuition costs the school charged for the course,  
21 term, or other period in which the student terminated. A  
22 school shall not base its tuition refund calculation on any  
23 portion of a postsecondary educational program that remains  
24 after a student terminates unless the student was charged for  
25 that remaining portion of the postsecondary educational program  
26 before the student's termination.

27 Sec. 17. Section 714.23, subsections 1 through 5, Code 2011,  
28 are amended to read as follows:

29 1. A person offering ~~a course of instruction at the~~  
30 postsecondary level at least one postsecondary educational  
31 program, for profit, that is more than four months in  
32 length and leads to a ~~degree, diploma, or license~~ recognized  
33 educational credential, shall make a pro rata refund of ~~no less~~  
34 ~~than ninety percent of the tuition for a terminating student to~~  
35 ~~the appropriate agency based upon~~ charges to an Iowa resident

1 student who terminates from any of the school's postsecondary  
2 educational programs in an amount that is not less than  
3 ninety percent of the amount of tuition charged to the student  
4 multiplied by the ratio of ~~completed number of scheduled school~~  
5 ~~days to~~ the number of calendar days remaining in the school  
6 period until the date equivalent to the completion of sixty  
7 percent of the ~~scheduled school~~ calendar days ~~of~~ in the school  
8 ~~term or course~~ period to the total number of calendar days in  
9 the school period until the date equivalent to the completion  
10 of sixty percent of the calendar days in the school period.

11 2. Notwithstanding the provisions of subsection 1, the  
12 following tuition refund policy shall apply:

13 a. If a terminating student has completed sixty percent or  
14 more of a school ~~term or course that is more than four months in~~  
15 length period, the person offering the ~~course of instruction~~  
16 postsecondary educational program is not required to refund  
17 tuition ~~for~~ charges to the student. However, if, at any time,  
18 a student terminates a ~~school term or course that is more than~~  
19 four months in length postsecondary educational program due  
20 to the student's physical incapacity or, for a program that  
21 requires classroom instruction, due to the transfer of the  
22 student's spouse's employment to another city, the terminating  
23 student shall receive a refund of tuition charges in an amount  
24 ~~which that~~ equals the amount of tuition charged to the student  
25 multiplied by the ratio of the remaining number of ~~school~~  
26 calendar days in the school period to the total ~~school~~ number  
27 of calendar days of in the school term or course period.

28 b. ~~A refund of ninety percent of the tuition for a~~  
29 ~~terminating student shall be paid to the appropriate agency~~  
30 ~~based upon the ratio of completed number of school days to~~  
31 ~~the total school days of the school term or course. A school~~  
32 shall provide to a terminating student a refund of tuition  
33 charges in an amount that is not less than ninety percent of  
34 the amount of tuition charged to the student multiplied by the  
35 ratio of the remaining number of calendar days in the school

1 period to the total number of calendar days in the school  
2 period. This paragraph "b" applies to those persons offering  
3 ~~courses of instruction at the postsecondary level at least one~~  
4 postsecondary educational program of more than four months in  
5 length, for profit, whose cohort default rate for students  
6 under the Stafford loan program as defined reported by the  
7 United States department of education for the most recent  
8 federal fiscal year is more than one hundred ten percent of the  
9 national average cohort default rate of all schools for that  
10 ~~program for that period~~ the same federal fiscal year or six  
11 percent, whichever is higher.

12 3. ~~If the financial obligations of a student are for three~~  
13 ~~or fewer months duration, this section does not apply.~~ In the  
14 case of a program in which student progress is measured only in  
15 clock hours, all occurrences of "calendar days" in subsections  
16 1 and 2 shall be replaced with "scheduled clock hours".

17 4. ~~Refunds~~ A refund of tuition charges shall be paid  
18 provided to the appropriate agency student within thirty  
19 forty-five days following the student's termination date of the  
20 school's determination that a student has terminated from a  
21 postsecondary educational program.

22 5. A student who terminates a ~~course of instruction or~~  
23 term postsecondary educational program shall not be charged  
24 any fee or other monetary penalty for terminating a ~~course of~~  
25 instruction or term the postsecondary educational program,  
26 other than a reduction in tuition refund as specified in this  
27 section.

28 Sec. 18. NEW SECTION. 714.24 Additional requirements.

29 1. A required filing of evidence of financial  
30 responsibility pursuant to section 714.18 must be completed at  
31 least once every two years.

32 2. An entity that claims an exemption under section 714.19  
33 or 714.22 must file an exemption claim with the commission.  
34 The commission may approve or deny the exemption claim. Except  
35 for a school that claims an exemption under section 714.19,

1 subsection 1, 3, or 10, a filing of a claim for an exemption  
2 pursuant to section 714.19 or 714.22 must be completed at least  
3 once every two years.

4 3. An entity that claims an exemption under section 714.19  
5 or 714.22 must file evidence of financial responsibility  
6 pursuant to section 714.18 within sixty calendar days following  
7 the date upon which conditions that qualify the entity for an  
8 exemption under section 714.19 no longer exist. The commission  
9 may grant an entity a longer period to file evidence of  
10 financial responsibility based on documentation the entity  
11 provides to the commission of its substantial progress to  
12 comply with section 714.18, subsection 1, paragraph "a".

13 4. An entity that is required to file evidence of financial  
14 responsibility under section 714.18, or an entity that files  
15 a claim of exemption under section 714.19 or 714.22, shall  
16 utilize required forms approved and supplied by the commission.

17 5. The commission may, at its discretion, require a  
18 proprietary school that must comply with section 714.23 to  
19 submit its tuition refund policy to the commission for its  
20 review and approval.

21 6. The commission and the attorney general may,  
22 individually or jointly, adopt rules pursuant to chapter 17A  
23 for the implementation of sections 714.18 through 714.25.

24 7. Except as provided in section 714.18, subsection 2,  
25 paragraph "a", the information submitted under sections 714.18,  
26 714.22, 714.23, and 714.25 are public records under chapter 22.

27 Sec. 19. Section 714.25, Code 2011, is amended to read as  
28 follows:

29 **714.25 Disclosure.**

30 1. For purposes of this ~~chapter section~~, ~~unless the~~  
31 ~~context otherwise requires~~, "proprietary school" means a person  
32 offering a ~~course of instruction at the postsecondary level~~  
33 postsecondary educational program, for profit, that is more  
34 than four months in length and leads to a ~~degree, diploma, or~~  
35 license recognized educational credential, such as an academic

1 or professional degree, diploma, or license.

2 2. A proprietary school shall, prior to the time a student  
3 is obligated for payment of any moneys, inform the student, the  
4 college student aid commission, and in the case of a school  
5 licensed under section 157.8, the board of cosmetology arts  
6 and sciences or in the case of a school licensed under section  
7 158.7, the board of barbering, of all of the following:

8 a. The total cost of the ~~course of instruction~~ postsecondary  
9 educational program as charged by the proprietary school.

10 b. An estimate of any fees which may be charged the  
11 student by others which would be required if the student is  
12 to successfully complete the ~~course~~ postsecondary educational  
13 program and, ~~if applicable,~~ obtain a ~~degree, diploma, or~~  
14 license recognized educational credential.

15 c. The percentage of students who successfully complete  
16 the ~~course~~ postsecondary educational program, the percentage  
17 who terminate prior to completing the ~~course~~ postsecondary  
18 educational program, and the period of time upon which the  
19 proprietary school has based these percentages. The reporting  
20 period shall not be less than one year in length and shall not  
21 extend more than five years into the past.

22 d. If claims are made by the proprietary school as to  
23 successful placement of students in jobs upon completion of the  
24 ~~course of study~~ proprietary school's postsecondary educational  
25 programs, the proprietary school shall provide the student with  
26 all of the following:

27 (1) The percentage of graduating students who were placed  
28 in jobs in fields related to the ~~course of instruction~~  
29 postsecondary educational programs.

30 (2) The percentage of graduating students who went on to  
31 further education immediately upon graduation.

32 (3) The percentage of students who, ninety days after  
33 graduation, were without a job and had not gone on to further  
34 education.

35 (4) The period of time upon which the reports required by

1 paragraphs "a" through "c" were based. The reporting period  
2 shall not be less than one year in length and shall not extend  
3 more than five years into the past.

4 e. If claims are made by the proprietary school as to income  
5 levels of students who have graduated and are working in fields  
6 related to the proprietary school's ~~course of instruction~~  
7 postsecondary educational programs, the proprietary school  
8 shall inform the student of the method used to derive such  
9 information.

10 3. The requirements of subsection 2 shall not apply to  
11 a proprietary school that is eligible for federal student  
12 financial aid under Tit. IV of the federal Higher Education Act  
13 of 1965, as amended.

14 Sec. 20. REPEAL. Section 714.22, Code 2011, is repealed.

15 EXPLANATION

16 This bill makes changes regarding oversight by the college  
17 student aid commission of schools offering postsecondary  
18 educational programs.

19 Division I of the bill makes various changes relating to the  
20 college student aid commission's registration requirements for  
21 postsecondary schools governed by Code chapter 261B.

22 The bill expands the definition of a postsecondary school  
23 which maintains a presence in Iowa to include, with certain  
24 exceptions, a location in the state at which a student  
25 participates in any structured activity related to a school's  
26 distance education course of instruction, as well as any  
27 address, location, telephone number, or internet protocol  
28 address in Iowa from which the school conducts any aspect of  
29 its operations.

30 The bill requires postsecondary schools to renew  
31 registration with the commission every two years instead of  
32 every four years.

33 The bill allows the commission to grant a provisional  
34 registration to a postsecondary school that is not accredited  
35 by an agency or organization that is recognized by the United

1 States department of education. Such a school must report on  
2 its progress toward seeking accreditation every six months.  
3 Provisional registration may be renewed at the department's  
4 discretion.

5 The bill expands the information a postsecondary school  
6 seeking to register must provide to the commission. The  
7 new requirements include the name, title, business address,  
8 telephone number, and resume of an Iowa resident compensated  
9 by the school to perform duties at a location in the state;  
10 the school's official Stafford loan cohort default rate as  
11 calculated by the United States department of education for the  
12 three most recent federal fiscal years; the average student  
13 loan debt upon graduation of students completing programs at  
14 the school; the graduation rate of undergraduate students as  
15 reported to the United States department of education; and  
16 evidence that the school meets the conditions of financial  
17 responsibility established in Code chapter 714.

18 The bill makes changes to postsecondary schools exempt from  
19 Code chapter 261B, including exemptions for schools at which  
20 students are eligible for tuition grants under Code chapter  
21 261, division II; certain schools affiliated with health care  
22 systems; and certain schools offering approved massage therapy  
23 curriculums.

24 The bill specifies that students attending schools which  
25 must register with the commission under Code chapter 261B  
26 are ineligible for state student financial aid programs  
27 established by Code chapter 261, and such schools may not offer  
28 such financial aid or advertise that such financial aid is  
29 available.

30 Division I of the bill also makes changes to terminology  
31 and other technical changes relating to the commission's  
32 registration requirements under Code chapter 261B.

33 Division II of the bill makes various changes relating to  
34 the college student aid commission's oversight functions over  
35 the advertising, financial responsibility, tuition refund, and

1 disclosure requirements and restrictions governing certain  
2 educational programs and courses under Code chapter 714.

3     The bill amends Code section 714.19, relating to the  
4 nonapplicability of Code sections 714.17 to 714.21, governing  
5 business and financial practices of sellers of educational  
6 courses, to provide that instructors for courses conducted  
7 by professional, business, or farming organizations or  
8 associations for the members and employees of members of such  
9 entities who are not members or employees of members themselves  
10 are ineligible for exemption from Code sections 714.17 to  
11 714.21. The bill specifies accreditation standards for private  
12 business schools exempt from Code sections 714.17 to 714.21.  
13 The bill creates a new exemption from Code sections 714.17  
14 to 714.21 for private, nonprofit schools eligible for state  
15 student financial aid programs authorized under Code chapter  
16 261. The bill repeals Code section 714.22, which exempts trade  
17 and vocational schools from Code sections 714.17 to 714.21 if  
18 certain conditions are met.

19     The bill amends Code section 714.23 to remove the exemption  
20 for students with financial obligations of three or fewer  
21 months' duration from standards regarding tuition refund  
22 policies. The bill provides for the inclusion of educational  
23 programs in which student progress is measured only in clock  
24 hours under standards regarding tuition refund policies. The  
25 bill also provides that certain tuition refunds must be paid  
26 directly to students. A violation of Code section 714.23 is a  
27 simple misdemeanor, which is punishable by confinement for not  
28 more than 30 days or a fine of at least \$65 but not more than  
29 \$625 or by both.

30     The bill amends Code section 714.25 to exempt from certain  
31 disclosure requirements proprietary schools, as defined in the  
32 bill, that are eligible for federal student financial aid under  
33 Title IV of the Higher Education Act of 1965.

34     The bill provides that the commission and the attorney  
35 general may, individually or jointly, adopt rules pursuant

1 to Code chapter 17A to carry out the commission's oversight  
2 functions under Code chapter 714.

3 Finally, division II of the bill makes changes to  
4 terminology, demonstration of compliance, and exemptions  
5 relating to the commission's oversight functions under Code  
6 chapter 714.